

CMCC Doc. No. 151X5.43

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11 April 1956

Dear George:

As we advised you a few weeks ago, the company has been making a study of the allocation of costs, as between divisional overhead and general and administrative expense, with a view to modifying the costs which we collect in each of the separate pools. As a result of this study, we have developed some preliminary divisional overhead rates and a revised company G and A rate, which we are now planning to use for proposal purposes. The burden rate for the Communications Division would be and the company G and A rate would be

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25X1

We plan to wait until first quarter operating results are available before requesting a change in billing rates to conform to this new accounting plan. However, we anticipate that the billing rates resulting from such analysis will be very close to the proposal rates quoted above.

Because of the cost effect in production type proposals, we are planning to use these new rates in all proposals submitted to you, starting with the production for System No. 2.

We will request your approval of the new billing rate as soon as we have obtained such approval from the Air Force, presumably early in May. We regret the necessity for these adjustments in rates, but have found it necessary to make them as our experience under the multiple burden center system of accounting develops.

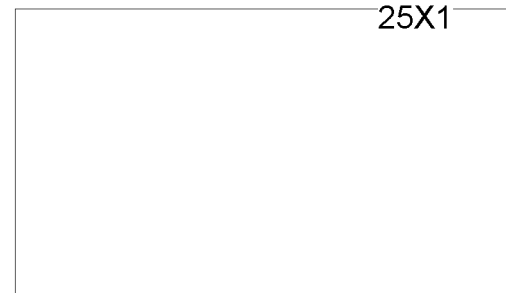
Sincerely,

ILLEGIB



Bob

Bob



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